

1 Despite the dramatic nature of Cavalier's proposal, Cavalier does not even attempt to  
2 explain why the massive re-engineering it contemplates is required. Although Cavalier  
3 claims that its Joint Implementation Team proposal is intended to address unspecified hot  
4 cut problems (Cavalier's Petition, Exhibit A at 3), this proposal would affect every aspect  
5 of Verizon's provisioning processes. In any event, as I explained later, there is no  
6 problem with Verizon's hot cut performance in Virginia, which has been exemplary.  
7 Even if Cavalier could support its complaints about Verizon's hot cuts (which it has not  
8 done), these complaints would not be cause to overhaul Verizon's entire provisioning  
9 process for all the services furnished under the Agreement.

10 **Q. WOULD CAVALIER'S PROPOSAL IMPROVE SERVICE PROVISIONING?**

11 A. No. It would have the opposite effect. Technical and operational issues, testing  
12 procedures and schedules, disaster responses, and maintenance problems are often  
13 resolved most efficiently by people applying their own creative solutions in the field.  
14 This informal approach to problem solving is especially important when Verizon  
15 introduces new technologies into its network and is attempting to roll them out as quickly  
16 as possible. Introducing an additional, more formalized process for resolving any  
17 provisioning issues would grind the existing, flexible processes to a halt and would likely  
18 delay, rather than speed, service provisioning. Cavalier's proposal would, in addition,  
19 require parties to devote resources to addressing a host of specific processes for which no  
20 problems have been identified. It is not in anyone's interest for the parties to waste their  
21 resources addressing problems that don't exist. Finally, the language in Section 28.11 of  
22 Verizon's Proposed Agreement, to which Cavalier has already agreed, thoroughly  
23 addresses the Dispute Resolution Process.

1 **Q. ARE YOU AWARE OF ANY VERIZON INTERCONNECTION AGREEMENTS**  
2 **THAT CONTAIN LANGUAGE SIMILAR TO THAT PROPOSED HERE BY**  
3 **CAVALIER?**

4 A. No. This makes sense because this kind of unprecedented proposal does not belong in a  
5 bilateral interconnection agreement. Again, Cavalier is attempting to use this arbitration  
6 proceeding to make changes that will affect all CLECs that interconnect with Verizon. If  
7 there are problems with Verizon's provisioning processes (and Cavalier has identified  
8 none), they should be addressed in an industry collaborative or other generic forum.

9 **Q: YOU SAID THAT CAVALIER PROPOSES THE JOINT IMPLEMENTATION**  
10 **TEAM BECAUSE OF A HOT CUT PROBLEM IN VIRGINIA. IS THERE SUCH**  
11 **A HOT CUT PROBLEM?**

12 A. No. Verizon's hot cut performance in Virginia is excellent. From January 2003 through  
13 June 2003, Verizon completed over 97.5% of its hot cuts on time, both in the aggregate  
14 and for Cavalier. This rate of success exceeded the Virginia SCC's Carrier-to-Carrier  
15 standard of 95%.

16 In Verizon's section 271 proceeding in Virginia, the Commission found that Verizon's  
17 hot cut performance in Virginia meets Verizon's obligations under the Act. *Virginia §*  
18 *271 Order* ¶ 138. In that proceeding, neither Cavalier nor any other CLEC even raised  
19 hot cuts as an issue – further proof that there is no hot cut problem in Virginia. Had there  
20 been one, both the Virginia SCC and the Commission certainly would have heard about  
21 it.

22 In addition, Verizon's hot cut process has repeatedly received ISO 9000 quality  
23 certification every six months since November 2000, which demonstrates that Verizon  
24 has a high-quality and well developed hot cut process in place. ISO 9000 is one of the

1 most prestigious quality standards in the world, requiring audits of methods and  
2 procedures every six months by an independent auditing firm. This auditing firm just  
3 recertified Verizon's loop provisioning processes in May.

4 In short, the objective evidence demonstrates that there is no need for any changes in  
5 Verizon's hot cut processes, let alone the dramatic and expensive overhaul Cavalier  
6 seeks.

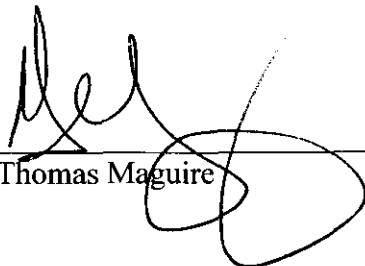
7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A.** Yes.

**Declaration of Thomas Maguire**

I declare under penalty of perjury that I have reviewed the foregoing testimony and that those sections as to which I testified are true and correct.

Executed this 16<sup>th</sup> day of September, 2003.

  
\_\_\_\_\_  
Thomas Maguire



**VERIZON VIRGINIA INC.**

**TESTIMONY OF GREGORY ROMANO**

**EXCEPTION TO LIMITATION OF LIABILITY ISSUE (ISSUE C25)**

**CC DOCKET NO. 02-359**

**SEPTEMBER 23, 2003**

## TABLE OF CONTENTS

	Page
I. WITNESS BACKGROUND AND OVERVIEW .....	1
A. STATEMENT OF QUALIFICATIONS .....	1
II. PURPOSE OF TESTIMONY (ISSUE C25) .....	1
III. CONCLUSION.....	5

**I. WITNESS BACKGROUND AND OVERVIEW**

**A. STATEMENT OF QUALIFICATIONS**

**Q. PLEASE PROVIDE A BRIEF STATEMENT OF YOUR BACKGROUND AND EXPERIENCE.**

A. My name is Gregory Romano. I am Assistant General Counsel – Interconnection for Verizon. I negotiate interconnection agreements for Verizon with competitive local exchange carriers, wireless carriers and paging carriers, and provide advice on Verizon's wholesale obligations under the Communications Act of 1934. My business address is 1515 North Court House Road, Suite 500, Arlington, Virginia 22201. I started working at Verizon as an interconnection attorney in 2000. I received a Bachelor of Arts degree, with a double major in economics and government, from the College of William and Mary in 1991 and received a Juris Doctor degree in 1997 from the William & Mary School of Law. After graduation from law school, I worked as an associate at the law firm of Hunton & Williams in Richmond, Virginia, where my practice focused on telecommunications and energy regulation.

**II. PURPOSE OF TESTIMONY (ISSUE C25)**

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. The purpose of my testimony is to explain why Cavalier's request in Issue C25 for a broad exception to the proposed agreement's limitation of liability language is unprecedented, commercially unreasonable, unnecessary, and not authorized by the Act, as well as inconsistent with limitation of liability language to which Cavalier has already agreed. In particular, I will discuss Cavalier's proposal to add, in Section 25.5.7, a new exclusion from the agreement's liability limits "for legally cognizable damages claimed as a result of either party's violation of state and federal law governing the provision of



telecommunications services or commerce more generally, or as a result of either party's violation of any state or federal regulations governing telecommunications or commerce more generally." This exception is so broad that it could virtually eliminate the limitation of liability provision to which the parties have agreed, as any failure of service arguably might violate federal law governing the provision of telecommunication service.

**Q. ABSENT CAVALIER'S PROPOSED SECTION 25.5.7, TO WHAT EXTENT HAVE THE PARTIES AGREED TO LIMIT THEIR LIABILITY?**

A. The parties have agreed in Section 25.2 that each party's liability to the other and its customers for claims resulting from a service failure will not exceed an amount equal to the pro rata applicable monthly charge for the service. In addition, the parties have agreed that neither party shall be liable to the other for special, indirect, incidental, consequential, reliance, exemplary or punitive damages arising in connection with the agreement. The agreement specifically excludes from these limitation on liability provisions a number of types of liability. For example, damages related to bodily or property harm, and financial incentives or remedy provisions of any FCC or Commission quality assurance plan are excluded, as are indemnification obligations of either party under the agreement, claims for infringement of intellectual property rights, and charges related to illegal changes in subscriber carrier selections. *See* Sections 25.5.1 through 25.5.6. The foregoing exclusions are typical and appropriate in a supplier contract such as the interconnection agreement. The additional exclusion that Cavalier proposes to add at Section 25.5.7 is commercially unreasonable, as the effect of its inclusion would be to give Cavalier an argument that any time Verizon does not provide perfect service to Cavalier, Cavalier may hold Verizon financially responsible (including, without limitation, for lost profits and/or consequential damages). As such, Cavalier's desired

1 additional exclusion differs substantially from those exclusions to which the parties have  
2 already agreed.

3 **Q. WHY DO YOU SAY THAT CAVALIER'S REQUEST FOR AN EXCEPTION TO**  
4 **THE LIMITATION OF LIABILITY LANGUAGE IS UNPRECEDENTED?**

5 A. I am not aware of any regulatory decision that says an incumbent is not entitled to a  
6 limitation of liability provision. In fact, state and federal access tariffs typically contain  
7 limitation of liability provisions. For example, all six of Cavalier's Virginia tariffs and its  
8 FCC tariff contain extensive limitations on Cavalier's liability to its customers. Similar  
9 to the language the parties have agreed upon here, each Cavalier tariff expressly states  
10 that Cavalier will not be liable for any direct, indirect, incidental special, consequential,  
11 exemplary or punitive damages to its customers as a result of any of Cavalier's services.  
12 And none of its tariffs contain the broad exclusion Cavalier now proposes. *See, e.g.,*  
13 Section 2.1.4 of Cavalier's FCC Tariff No.1; Cavalier's S.C.C. Tariff Nos. 1, 1A, 2, 3,  
14 3A; Section 2.4.1 of Cavalier's Virginia S.C.C. Tariff No. 2A. Liability limits are also  
15 common in unregulated wholesale agreements between carriers, for example, Verizon's  
16 agreements with interexchange carriers typically provide that in no event will either party  
17 to the agreement be liable for indirect, special, punitive, incidental, or consequential  
18 damages arising in connection with the agreement.

19 It is well settled that communications common carriers may reasonably limit their  
20 liability. *In the Matter of Halpert and Co.*, 6 F.C.C. Rcd. 2549, ¶ 7 (1991); *In the Matter*  
21 *of AT&T*, 76 F.C.C. 2d 195, 198, ¶ 9 (1990). This Commission has recognized that a  
22 limitation of liability provision strikes "a balance between the rights of aggrieved  
23 customers and the public interest in the provision of telephone service at the lowest

possible cost.” *In the Matter of AT&T*, 82 F.C.C. 2d 370, 372, ¶ 3 (1980). Without a limitation of liability, Verizon would be forced to provide perfect service with a gold-plated network, which would result in higher rates for all consumers. By requesting an enormous exception to the limitation of liability provision (which exception Cavalier could argue renders the general rule of no consequence), Cavalier seeks gold-plated service at bargain-basement rates.

**Q. DOES THE ACT AUTHORIZE CAVALIER’S PROPOSED LIMITATION OF LIABILITY PROVISION?**

A. No. A CLEC is not entitled under the Act to any better service than the service that Verizon provides its own customers. The Act requires only nondiscrimination and parity. Limitation of liability provisions have been standard in the industry for decades and are found in virtually every retail tariff. If Verizon is not required to provide perfect service to its own customers, it certainly is not required to provide perfect service to CLECs. (*See, e.g., Virginia Arbitration Order* ¶ 709).

**Q. HAS THE BUREAU EVER CONSIDERED THE LANGUAGE AT ISSUE HERE?**

A. Yes, the language that Verizon proposes is the same language found in the interconnection agreement resulting from the AT&T arbitration and that the Bureau approved.

**Q. WHY IS CAVALIER’S REQUEST FOR AN EXCEPTION UNNECESSARY?**

A. Those portions of the contemplated interconnection agreement to which Cavalier has agreed contain provisions that ensure Verizon will provide services, facilities and arrangements in accordance with the performance standards required by law. Section 26.1 specifically incorporates Verizon’s responsibilities under the Virginia Performance

1 Assurance Plan ("PAP") approved by the Virginia State Corporation Commission and  
2 this Commission in the Virginia Section 271 Order. The PAP and related carrier-to-  
3 carrier reports contain a comprehensive set of performance measurements for timeliness,  
4 reliability, and quality of service, as well as self-executing remedies that put up to \$205  
5 million at risk annually if performance falls below certain standards. Because of  
6 protections afforded by the PAP (among others), Cavalier does not need the right to sue  
7 to ensure service at parity.

8 In fact, Cavalier's request for a broad exception to the limitation of liability provision is  
9 an attempt to circumvent the PAP. The PAP was adopted to avoid specific performance  
10 standards in carrier-specific interconnection agreements. By asserting that it is free to sue  
11 Verizon for any failure to perform service, Cavalier is not only attempting to get  
12 individual performance standards in its agreement, but it is attempting to get a guarantee  
13 of perfect performance in its agreement. The Bureau rejected the notion that Verizon is  
14 required to provide perfect service in the Virginia Arbitration, because the Act requires  
15 parity only. *Virginia Arbitration Order* ¶ 709. The Bureau should reject Cavalier's  
16 proposed exception for the same reason.

### 17 **III. CONCLUSION**

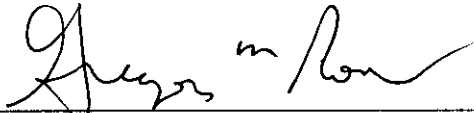
18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

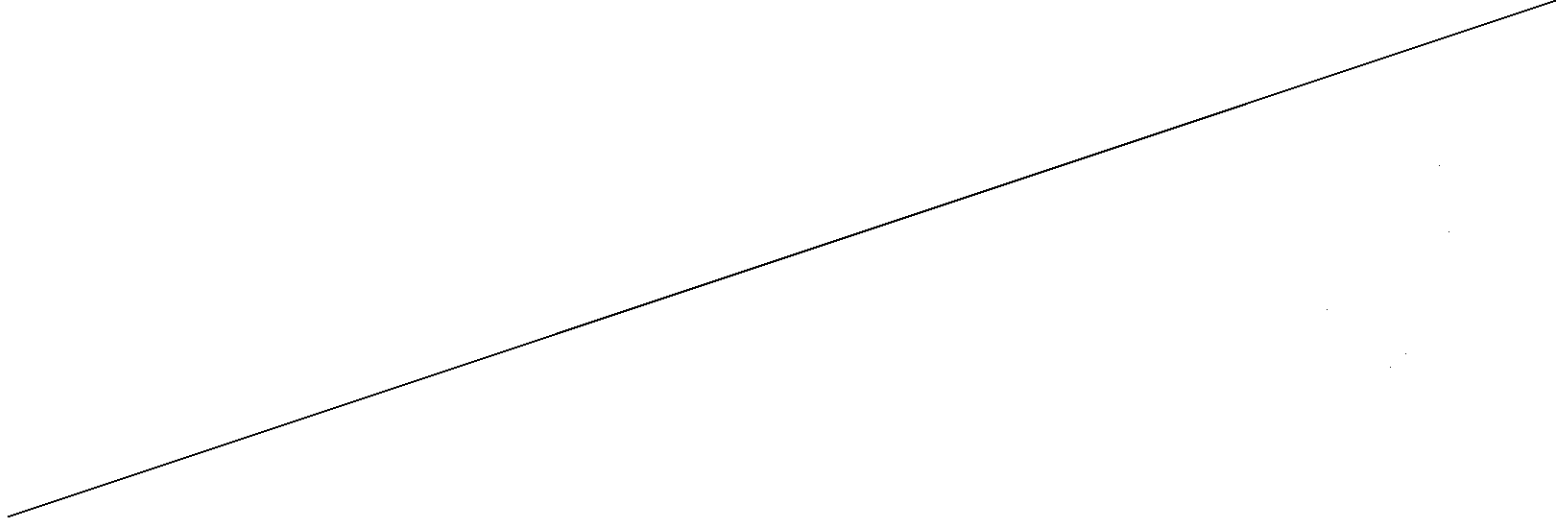
19 **A. Yes.**

1                                   **Declaration of Gregory Romano**  
2

3   I declare under penalty of perjury that I have reviewed the foregoing testimony and that those  
4   sections as to which I testified are true and correct.

5  
6   Executed this 17<sup>th</sup> day of September, 2003.

7                                     
8  
9  
10                                  \_\_\_\_\_  
11                                  Gregory Romano



SMITH

**VERIZON VIRGINIA INC.**

**TESTIMONY OF JONATHAN SMITH**

**INTERCONNECTION BILLING AND PAYMENT ISSUES**

**CC DOCKET NO. 02-359**

**SEPTEMBER 23, 2003**

## **TABLE OF CONTENTS**

	Page
I. WITNESS BACKGROUND AND OVERVIEW .....	1
II. MEET-POINT BILLING INFORMATION (ISSUE C3).....	2
III. RESPONSIBILITY FOR TERMINATING CHARGES (ISSUE C4).....	11
IV. AFFIRMATIVE OBLIGATIONS TO ASSIST WITH NEGOTIATIONS (ISSUE C5).....	13
V. CUSTOMER CONTACTS (ISSUE C17).....	15
VI. ASSURANCE OF PAYMENT (ISSUE C21) .....	19
VII. EMBARGOES IN THE EVENT OF BREACH (ISSUE C24).....	22
VIII. CONCLUSION .....	26



1 **I. WITNESS BACKGROUND AND OVERVIEW**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Jonathan B. Smith. My business address is 1095 Avenue of the Americas,  
4 New York, New York 10036.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Verizon as Executive Director of Local Interconnection Billing and  
7 Wholesale Billing Support. In that position, I am responsible for the review and payment  
8 of invoices for local interconnection traffic and facilities, as well as for support of the  
9 Wholesale Billing and Collections Organization.

10 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**  
11 **EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.**

12 A. I have more than twenty years of experience in the telecommunications industry as an  
13 employee of Verizon and its predecessor companies. Prior to assuming my present  
14 position in August 2001, I held positions of increasing responsibility in billing and  
15 collection services, resale services marketing, customer services, and outside plant  
16 engineering. I received a Bachelor of Science degree in Engineering from Northeastern  
17 University in 1979 and a Masters of Business Administration from Babson College in  
18 1992.

19 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.**

20 A. The purpose of my testimony is to explain Verizon's position with regard to the billing  
21 and payment issues in this arbitration. Specifically, these issues are C3, which concerns

1 whether Verizon should be required to provide more information to Cavalier than is  
2 required by the industry standards when Verizon provides transit services for a call that  
3 terminates to Cavalier; C4, which concerns whether Verizon should be required to dispute  
4 charges from the terminating carrier when Verizon provides transit service; C5, which  
5 concerns whether Verizon should be required to affirmatively assist Cavalier in  
6 negotiations with third-party carriers when Verizon provides transit service; C17, which  
7 concerns customer contacts; C21, which concerns assurance of payment terms; and C24,  
8 which concerns whether Verizon should be required to go beyond what is required by  
9 Virginia law before it may terminate service for nonpayment.

## 10 **II. MEET-POINT BILLING INFORMATION (ISSUE C3)**

### 11 **Q. BRIEFLY DESCRIBE THE STATUS OF THIS ISSUE.**

12 A. Verizon has proposed contract language that would require Verizon to provide  
13 information to Cavalier consistent with guidelines set by the industry's Ordering and  
14 Billing Forum ("Industry Guidelines"). Cavalier does not oppose Verizon's language, but  
15 in addition, proposes that Verizon must obtain more information from the originating  
16 carrier than the Industry Guidelines require. In addition, Cavalier proposes that Verizon  
17 must pay Cavalier for its terminating services if Cavalier does not receive its desired  
18 information, even if the originating carrier did not provide that information to Verizon in  
19 the first place. Finally, Cavalier proposes in Section 6.3.9 to change the current process  
20 of putting billing data on billing tapes. Instead, Cavalier would require Verizon to  
21 transmit billing data exclusively in SS7 signaling streams.

1 These Cavalier proposals would effectively gut the Industry Guidelines and would  
2 require Verizon to provide additional information to Cavalier even if the carrier with the  
3 information does not provide it to Verizon.

4 **Q. CAN YOU DESCRIBE THE CALL SCENARIO THAT IS THE BASIS OF THIS**  
5 **ISSUE?**

6 A. Yes. In this call scenario, a carrier (other than Cavalier or Verizon) originates an  
7 intraLATA call and sends it to one of Verizon's tandems, which performs transit services  
8 and sends the call to Cavalier for termination. In this case, the originating carrier is  
9 supposed to pass billing information to Verizon. Verizon, in turn, records and passes the  
10 information it receives from the originating carrier to Cavalier, and Cavalier can use this  
11 information to bill the originating carrier for its services.

12 The originating carrier is obligated to pay for Verizon's transit services and Cavalier's  
13 terminating services. Verizon and Cavalier bill for these services using information that  
14 the originating carrier passes along with the call.

15 I understand that Verizon is not obligated by the Act to provide these transit services and  
16 does so only as an accommodation to other carriers. Cavalier can completely avoid  
17 Verizon's transit services by interconnecting directly with third party carriers.

18 This dispute arises because Cavalier, as the terminating carrier, wants more information  
19 about these calls. Cavalier wants to force Verizon to obtain this information from the  
20 originating carrier or else pay Cavalier's costs for terminating these calls.

1   **Q.     WHAT IS VERIZON’S PROPOSAL?**

2    A.    Verizon proposes that the parties should follow the Industry Guidelines. Sections 6.3.1  
3           and 6.3.7 of Verizon’s Proposed Agreement obligate Verizon to follow the billing data  
4           procedures set forth by the industry’s Ordering and Billing Forum (“OBF”), except as  
5           specifically modified in the contract or applicable tariffs. Verizon also proposes in  
6           Section 7.2.2 that both parties shall be obligated, in all cases, to follow “the Exchange  
7           Message Interface (‘EMI’) standard and any applicable industry guidelines with respect  
8           to any exchange of records between the Parties.”

9   **Q.     WHAT INFORMATION IS VERIZON REQUIRED TO PASS TO THE**  
10 **TERMINATING CARRIER UNDER EXISTING INDUSTRY GUIDELINES?**

11   A.    Under those guidelines, Verizon passes the originating carrier’s identification number  
12           (either the Carrier Identification Code (“CIC”) if the originating carrier is an  
13           interexchange carrier or the Operating Company Number (“OCN”) if the originating  
14           carrier is not an interchange carrier) and the telephone number of the calling party  
15           (Calling Party Number or “CPN”). Of course, Verizon can only pass this information if  
16           the originating carrier provides it in the first place.

17 **Q.     HOW DO TERMINATING CARRIERS USE THIS INFORMATION TO OBTAIN**  
18 **COMPENSATION FOR THEIR SERVICES?**

19   A.    Since Verizon is often the terminating carrier, I can describe how Verizon determines 1)  
20           who to bill for the call, and 2) how much to bill.

1 To know who should be billed for the call, Verizon uses originating carrier's CIC or  
2 OCN. In nearly 100% of cases, the terminating carrier receives either the CIC or the  
3 OCN.

4 Verizon then determines how much to bill for each call by multiplying the call duration  
5 by the appropriate rate. Often, the rate is determined based on factors provided by the  
6 carrier to whom Verizon bills the charges. These factors allow the parties to classify  
7 traffic and apply the appropriate rates. In some cases, however, Verizon determines  
8 what rate to charge based on other information sometimes passed by the originating  
9 carrier. This additional information includes the telephone number of the calling party  
10 and the terminating telephone number.

11 This additional information is not always complete, which is why Verizon usually relies  
12 on factors in ensure that terminating charges are properly billed.

13 **Q. WHAT BILLING DATA DOES CAVALIER RECEIVE WHEN CALLS ARE**  
14 **ROUTED TO CAVALIER END OFFICES THROUGH VERIZON TANDEMS?**

15 A. Verizon passes the billing information that it receives from the originating carrier to  
16 Cavalier. As noted above, Cavalier obtains the same billing data as any other carrier in  
17 Virginia that receives third-party calls through Verizon's tandems. This billing data is  
18 consistent with Industry Guidelines, and it is the same billing data that Verizon uses to  
19 perform its own billing when it is the terminating carrier.

1 **Q. DOES VERIZON’S APPROACH DISADVANTAGE CAVALIER IN ANY WAY?**

2 A. Not at all. Cavalier obtains the same information as any other terminating carrier  
3 receiving traffic from a Verizon tandem in Virginia.

4 **Q. WHAT DIFFERENT INFORMATION DOES CAVALIER WANT?**

5 A. Cavalier’s Proposed Agreement does not specify any particular billing data requirements.  
6 Instead, Cavalier wants to be able to determine, apparently at its sole discretion, whether  
7 Verizon has passed along “sufficient information to allow proper billing of traffic” on  
8 95% of the calls that Verizon sends to Cavalier. Cavalier suggests that this information  
9 should come “in the form of CPN, CIC, LRN, OCN, and/or JIP.” Cavalier’s Proposed  
10 Agreement §§ 5.6.6.1, 5.6.6.2. As I describe below, Verizon proposes to provide  
11 information to Cavalier that is consistent with the Industry Guidelines. Not only does  
12 Cavalier propose that Verizon provide information that is different from that required in  
13 the Industry Guidelines, but Cavalier’s use of the phrase “and/or” means that Verizon has  
14 no certainty that it has provided “sufficient information” unless it provides all of that  
15 information on more than 95% of all calls.

16 **Q. CAVALIER’S PROPOSAL WOULD REQUIRE “JIP” INFORMATION FROM**  
17 **VERIZON. WHAT IS THAT?**

18 A. “JIP” stands for Jurisdictional Information Parameter. The JIP is a data field provided  
19 with some incoming calls. The JIP was designed to identify the jurisdiction of the switch  
20 that originated the call for purposes of calculating the rate for the call. Under the industry  
21 billing standards issued by the American National Standards Institute (“ANSI”), the JIP  
22 need not be included in call origination messages. The Network Interconnection

1 Interoperability Forum (“NIIF”) (an industry forum) is currently considering  
2 recommendations that all carriers (both wireline and wireless) include the JIP in their call  
3 origination messages where technically feasible, but the NIIF has not recommended  
4 making the JIP a mandatory parameter. In the NIIF discussions, it has become apparent  
5 that there are circumstances under which the JIP cannot be provided reliably. In addition,  
6 companies, including Verizon, would have to modify their existing billing systems to take  
7 advantage of information provided in the JIP.

8 **Q. CAVALIER’S PROPOSAL ALSO ASKS FOR VERIZON TO PASS LRN. WHAT**  
9 **IS THAT?**

10 A. LRN stands for Location Routing Number, which is a ten-digit number (in the same  
11 format as a telephone number) that is used to route calls to customers who have moved  
12 from one carrier to another, but kept their existing telephone numbers. The LRN is used  
13 together with the Local Number Portability (“LNP”) database to route these calls.

14 **Q. HAS CAVALIER EXPLAINED WHY IT NEEDS THIS INFORMATION TO**  
15 **RENDER AN ACCURATE BILL?**

16 A. No. Cavalier has not explained why it needs this information. Verizon passes LRN to  
17 Cavalier when Verizon receives it in the first place

18 **Q. WHEN VERIZON IS PROVIDING TRANSIT SERVICE, CAN IT PASS LRN TO**  
19 **CAVALIER ON 95% OF CALLS?**

20 A. No. LRN is passed by the originating carrier to Verizon only for calls where the  
21 originating telephone number has been ported, which account for far less than 95% of the  
22 calls that Verizon’s tandem passes to Cavalier.

1 **Q. UNDER CAVALIER’S PROPOSED AGREEMENT, WHAT HAPPENS IF**  
2 **VERIZON HAS NOT PASSED ALONG “SUFFICIENT INFORMATION”?**

3 A. If Verizon does not pass along “sufficient information” on 95% or more of all calls sent  
4 to Cavalier, Cavalier would charge Verizon “the higher of its intrastate Switched  
5 Exchange Access Service rates or its interstate Switched Access Service rates for that  
6 traffic.” Cavalier’s Proposed Agreement §§ 5.6.6.1, 5.6.6.2.

7 This arrangement would make Verizon the guarantor of revenue for Cavalier’s  
8 terminating services and likely inflate the amount Cavalier would be due (since the  
9 arrangement assumes the higher cost for all calls without “sufficient information”).  
10 Whenever Cavalier finds itself unable to resolve a billing issue with an originating  
11 carrier, it could simply declare that it lacked “sufficient information” because, as noted  
12 above, “sufficient information” may mean all the types of information listed in Cavalier’s  
13 proposal, and it is unlikely that all of this information would have been passed by the  
14 originating carrier to Verizon’s tandem in the first place.

15 Nothing in the Act suggests that Cavalier should be allowed to place Verizon in this  
16 position, particularly for transit service, which Verizon is not obligated to provide under  
17 the Act. On the contrary, the Bureau recognized in its *Virginia Arbitration Order* that  
18 Verizon is not required “to serve as a billing intermediary between [a CLEC] and third-  
19 party carriers with whom [that CLEC] exchanges traffic transiting Verizon’s network.”  
20 *Virginia Arbitration Order* ¶ 119.



1 **Q. WHAT ALTERNATIVES DOES CAVALIER HAVE IF IT WANTS BETTER**  
2 **INFORMATION FROM ORIGINATING CARRIERS?**

3 A. Cavalier can negotiate directly with the originating carrier to develop traffic studies or  
4 information that could be used to bill. This is exactly what Verizon does. Cavalier also  
5 has the option of participating in industry forums, such as the OBF and NIIF, to help  
6 improve the system for generating and transferring billing data. Cavalier can also  
7 interconnect directly with third party carriers.

8 **Q. YOU MENTIONED CERTAIN WEAKNESSES IN THE DATA THAT VERIZON**  
9 **RECEIVES FROM ORIGINATING CARRIERS. ARE INDUSTRY FORUMS**  
10 **CONSIDERING HOW TO IMPROVE THIS DATA SITUATION?**

11 A. Yes. For some time, the Ordering and Billing Forum has been working to improve the  
12 consistency of information passed from carrier to carrier to ensure proper meet-point  
13 billing. Indeed, the Ordering and Billing Forum worked on precisely this issue – how to  
14 exchange billing data in a standardized format that provides for proper intercarrier billing  
15 – during its most recent session on Monday, August 18, and Tuesday, August 19, 2003.  
16 The formal issue involved is OBF Issue #2309, “Routing Determination on EMI Detail  
17 Records.” Cavalier’s Virginia SCC Tariff No. 3 § 2.9 (effective April 14, 2003) obligates  
18 Cavalier to accept and abide by these OBF guidelines, yet it proposes here that Verizon  
19 be obligated to provide more information than the OBF Guidelines require.

20 In addition, Cavalier is aware that the OBF is working through these issues. During the  
21 Virginia 271 process, Cavalier acknowledged that its billing concern “is not just a  
22 problem between Cavalier and Verizon, but is an industry wide problem that defies  
23 correction, as witnessed in the published OBF’s meeting notes.” *Virginia § 271*  
24 *Proceeding*, Cavalier Oct. 14, 2002 Ex Parte Letter at 1-2 (footnote omitted). It is

impossible to resolve this acknowledged, industry-wide problem through terms in a bilateral interconnection agreement.

**Q. WOULD CAVALIER’S PROPOSAL UNDERMINE THE INDUSTRY EFFORT TO RESOLVE MEET-POINT BILLING PROBLEMS IN A UNIFORM FASHION?**

A. Yes. Cavalier proposes to replace the current system based on OBF standards with an idiosyncratic approach. Cavalier’s position would weaken the OBF by encouraging individual carriers to forego the industry forums in favor of the targeted rulings available in a two-party arbitration. A patchwork of two-party “solutions” would impose chaos and enormous costs on the system.

**Q. HAS THE BUREAU ALREADY REJECTED THE NOTION OF A CARRIER-SPECIFIC EXCEPTION TO INDUSTRY STANDARDS?**

A. Yes, in its *Virginia Arbitration Order*, the Bureau rejected an AT&T proposal similar to Cavalier’s proposal here:

Verizon generally supports deferring to OBF guidelines while AT&T prefers a greater level of exchange call detail in the contract. For the reasons provided below, we reject AT&T’s proposal language.

\* \* \*

AT&T has neither disputed Verizon’s assertion that it is contractually committed to follow the OBF guidelines nor explained why it requires additional billing information beyond that already agreed to in the contract. We find that Verizon’s concerns about having to juggle varying degrees of call detail for multiple and separate interconnection agreements are legitimate and that it is in the interest of all carriers to be able to rely on “an industry forum that ensures carriers exchanging information can process, exchange and read the same records.